



JAMES E. MCGREEVEY
GOVERNOR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
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BULLETIN

TO: ALL CIGARETTE DISTRIBUTORS, WHOLESALERS AND RETAILERS

SUBJECT: CIGARETTE TAX INCREASE

Recently, Governor James E. McGreevey signed legislation raising the excise tax on cigarettes from \$1.50 to \$2.05 per pack **effective July 1, 2003**, an increase of 55 cents per pack of 20. The new tax rate applies to all New Jersey tax stamps, floor stock and to all cigarettes in the possession of any licensed distributor, wholesaler or retailer licensed by the State of New Jersey on July 1.

On June 30, 2003 at midnight, every pack of cigarettes held for sale by New Jersey licensees bearing an excise tax stamp is subject to the additional tax. In order to account for the additional tax, you must complete an inventory of all affixed and *unaffixed* excise tax stamps and remit the tax using the enclosed Cigarette Floor Tax Return. Please read the form carefully and complete it before moving or selling any cigarettes on July 1, 2003. This report and the additional tax due can be filed any time after July 1, but must be submitted no later than September 1, 2003 to the New Jersey Division of Revenue, Floor Tax Unit, P.O. Box 250-0250, Trenton, New Jersey 08646.

The Director's office may elect to do a physical inventory at selected distributor, wholesaler and/or retailer locations on or about July 1.

All cigarettes stamped on or after July 1, 2003, must be stamped with either an old stamp that has been inventoried and listed on the Floor Tax Return or a new stamp to evidence payment of the increased tax. The new stamps will be available for purchase at the new rate when available.

Cigarette distributors need to be aware that they will need to proportionally increase their surety bond if they wish to continue to have the ability to purchase the same quantity of stamps on credit. Failure to do so will necessitate stamp purchases by cash for any purchase order in excess of a distributor's credit limit.

For those RETAIL DEALERS who have multiple locations, you may file a consolidated Floor Tax Report in the same manner as you do for Sales and Use Tax. You must complete the reverse side of the Floor Tax Report listing the Cigarette Tax License number, location, and quantity of cigarettes on hand being reported for each location.

Should you have any questions regarding the above, please contact Henry Ryan, Supervisor, Cigarette Tax, at (609) 984-4108. We ask for your usual cooperation to help make this a smooth transition.

Robert K. Thompson
Director
New Jersey Division of Taxation